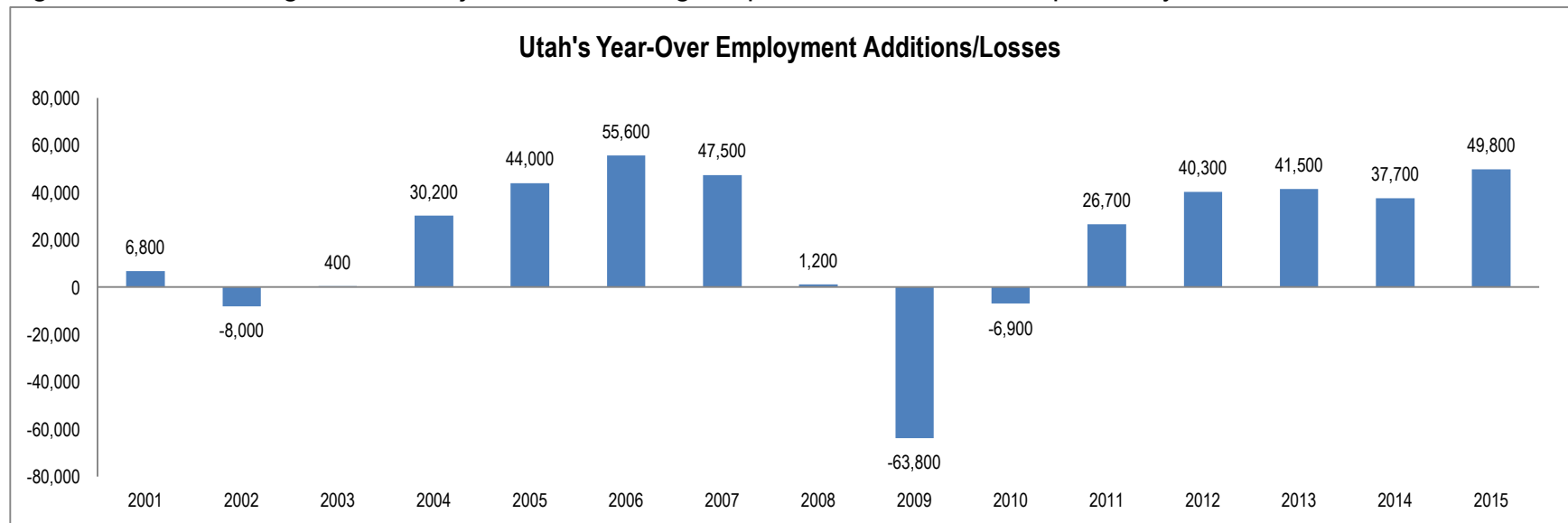


UTAH'S ECONOMY — 2015

Carrie Mayne, Chief Economist

Anyone who followed Utah's news cycle in 2015 came to see the state as a leader in economic growth across the nation. Many accolades were awarded to the state by national entities known for analyzing areas such as business climates, economic development, and quality of life. In March, Forbes Magazine explained how Utah became "The New Gold Standard."¹ It was also a year when the U.S. Chamber of Commerce recognized Utah as a place where "public-private collaboration boosts job growth...and leads to more aggressive goals in education performance."² The labor market indicators presented in this publication measure how the businesses and workers in our state contributed to this success.

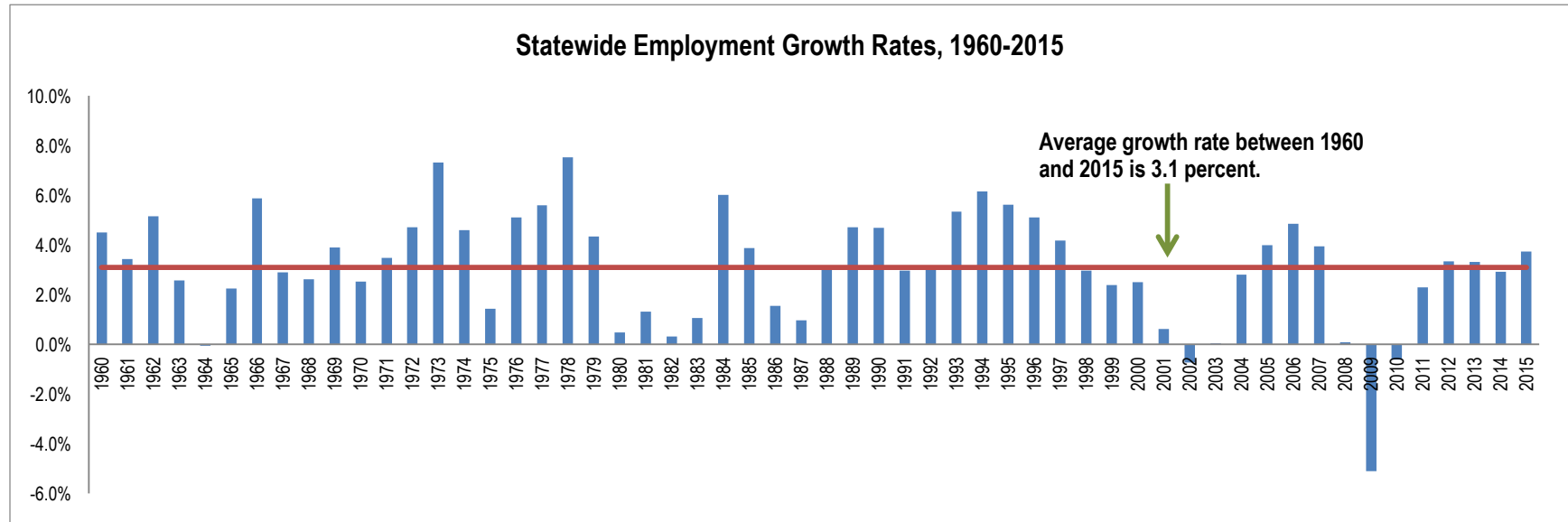
Utah's labor market grew by roughly 49,800 positions in 2015, 12,000 more than what was added in 2014 and slightly higher than the average number of jobs added during the pre-Great Recession expansion years.



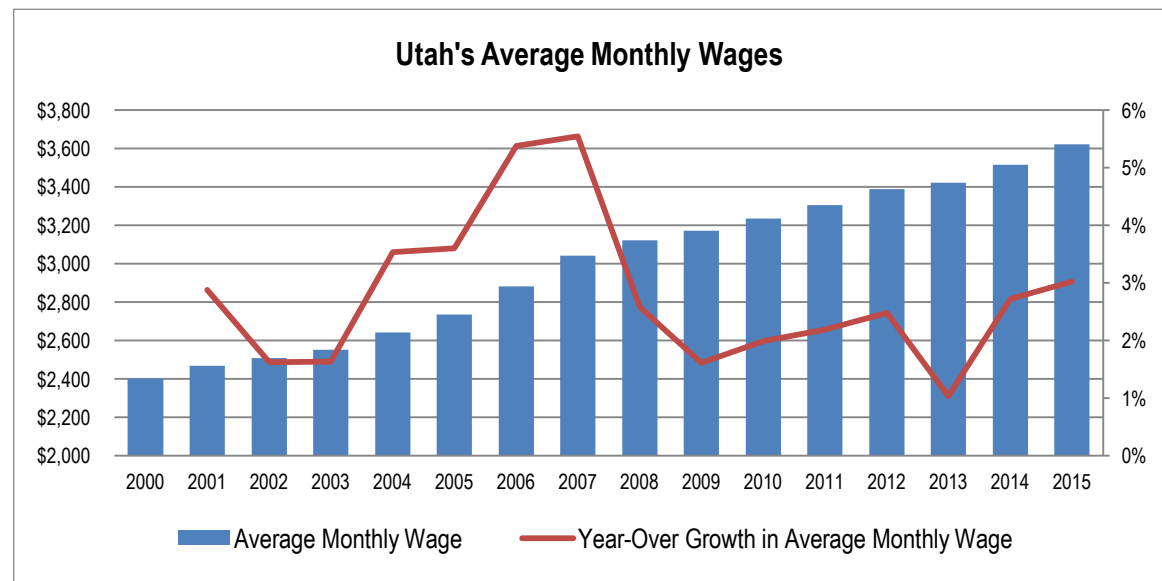
¹ Salzman, Marian (2015, March). How Salt Lake City and Utah Became the New Gold Standard. *Forbes*. Retrieved from <http://www.forbes.com/>

² <https://www.uschamberfoundation.org/enterprisingstates/#UT>

The growth rate for 2015 registered at 3.7 percent, which is well above the state's long run average of 3.1 percent.



While today's economy looks much like past expansions in terms of employment, the wage story looks much different; the current post-recession wage trend has been softer than a typical expansionary period. In 2006 when more than 55,000 jobs were added to the state, wage growth was at 5.4 percent; whereas in 2015, when only slightly fewer jobs were added, wage growth was only 3.0 percent.

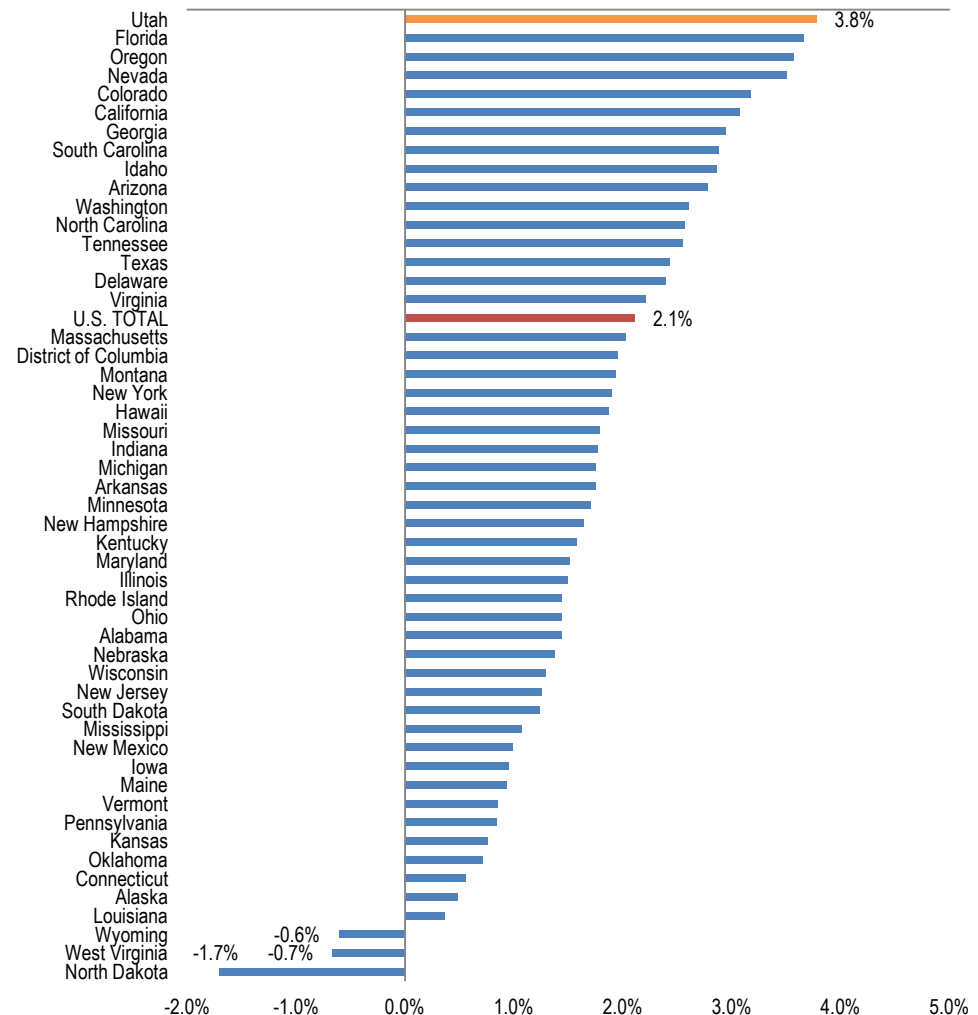


Weak wage pressure, while bringing relatively lower rewards to workers, will possibly allow for a longer sustained expansion before recessionary pressures arise.

Employment expansion at this robust level put our state in the number one position for job growth in the nation. North Dakota, 2014's top performer, actually lost jobs in 2015 due to plummeting oil prices. Wyoming and West Virginia, states who, like North Dakota, rely heavily on natural resources for providing jobs, also posted net job losses in 2015. The United States overall posted job growth of 2.1 percent, with 16 states outperforming the average.

Utah's job expansion kept workers off the unemployment rolls and drew new ones into the workforce. The unemployment rate remained at or below 4.0 percent each month of the year, averaging 3.5 percent overall. On average, 51,900 individuals were unemployed and actively seeking work each month and the total number of individuals in the labor force rose by more than 33,000.

Year-Over Growth in Non-Farm Employment, by State and U.S. Total, 2015-2016*



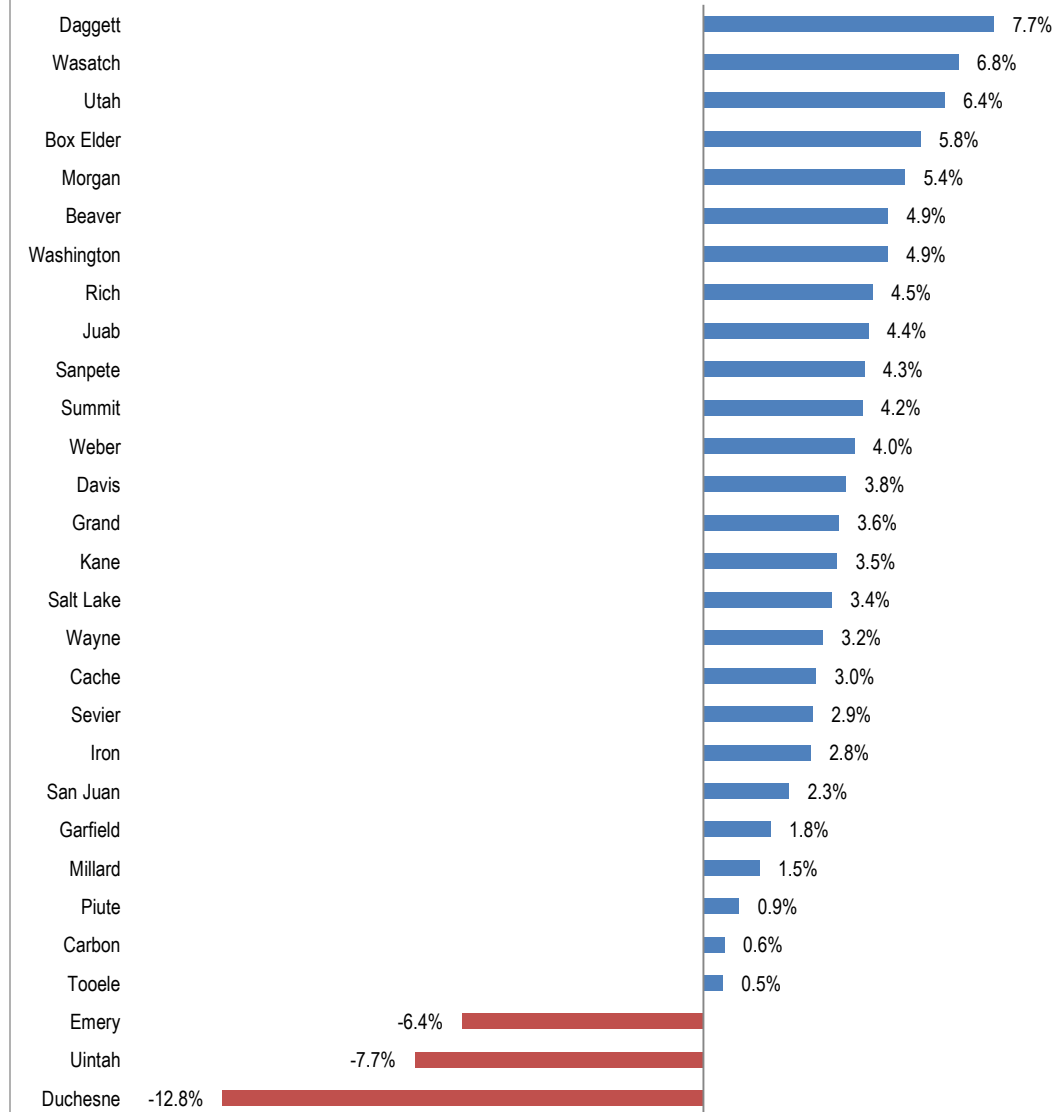
*A slightly modified employment count is used here for comparability across all states.

County Employment

Thirteen of Utah's counties experienced job growth above the statewide average of 3.7 percent. Daggett County grew at the fastest rate, 7.7 percent, or 31 jobs, a modest but important portion of the more than 49,000 jobs added in the state over 2015. Wasatch County experienced the second fastest job growth at 6.8 percent, adding 490 jobs during the year. Utah County, which was often at the center of the state's economic boom story, added the second highest number of jobs (13,400) at the third fastest rate of growth (6.4 percent). Industries driving expansion in Utah County include Trade, Transportation and Utilities, which added 3,473 jobs; Professional and Business Services, which added 2,294 jobs; and Construction, which added 2,266 jobs.

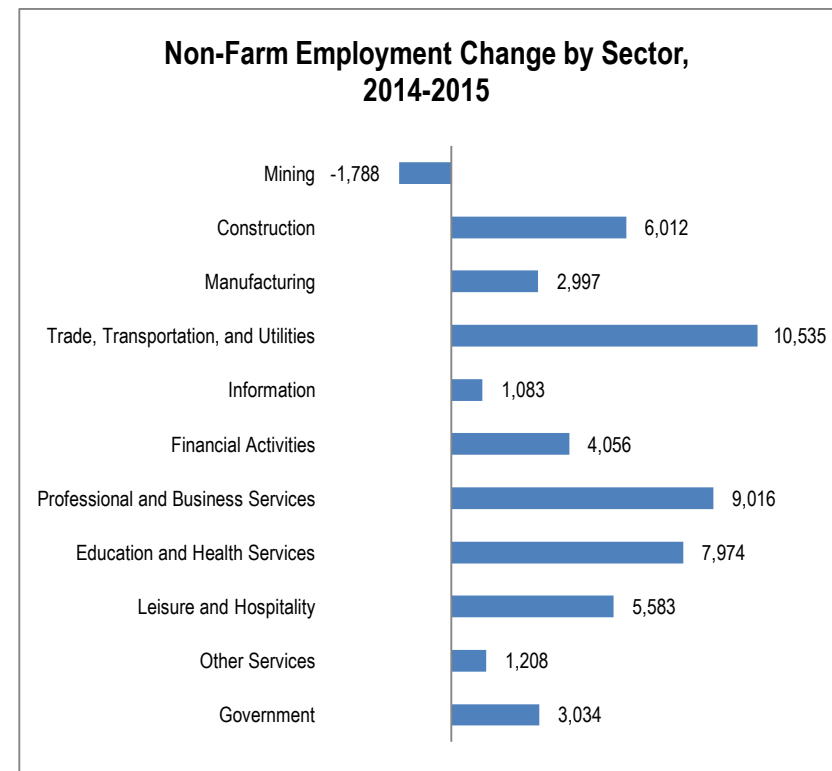
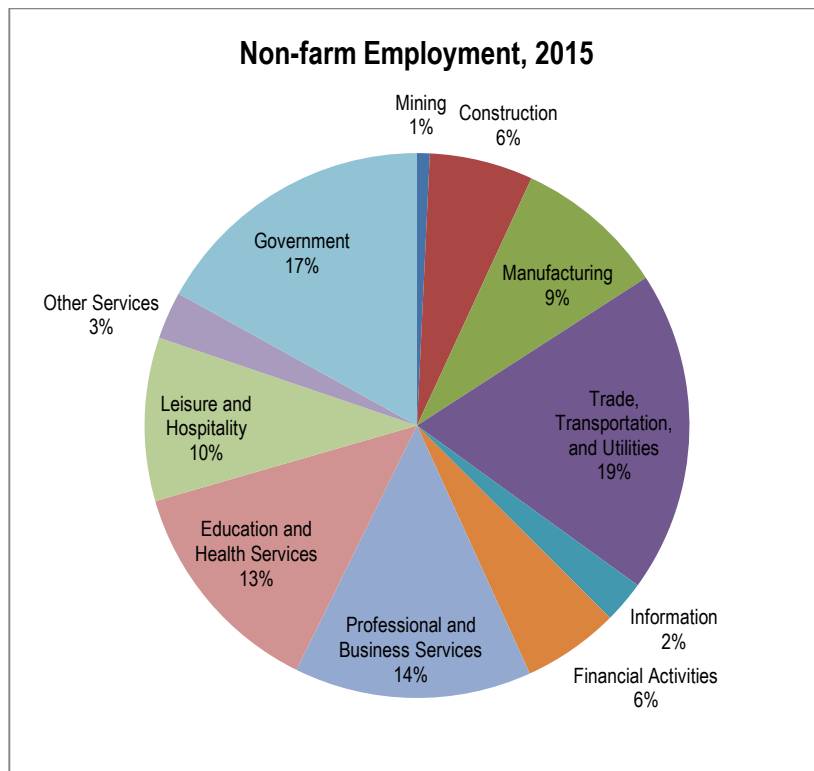
The list of top five job adding counties is rounded out with Davis in third with 4,337 jobs, Weber in fourth with 3,890 jobs and Washington in fifth with 2,663. Together, the top five counties added 93 percent of the state's new jobs in 2015. Three counties experienced net job losses in

County Employment Change, 2014-2015



2015: Emery (216), Uintah (1,156), and Duchesne (1,239). Dampened economic activity in these areas can be attributed to the slowdown in the Mining, Oil, and Gas industry. Each county suffered net losses in mining and oil extraction employment, as well as within related industries such as construction, transportation, and equipment repair. Together, these counties comprise roughly 1.9 percent of total statewide employment.

Employment by Industry



Mining suffered significant job losses in 2015 as a result of the 40 percent drop in oil prices. Robust production from U.S. shale-oil fields pushed the market into oversupply by late 2014. Eventually, in 2015, production was decreased in reaction

to the plummeting price of oil and with that came layoffs in the oil fields. Overall, Utah's Mining, Oil, and Gas industry lost 1,788 jobs over the year, a decrease of 14.7 percent.

Construction employment continued on its post-recession accelerated growth path, adding jobs at a rate of 7.6 percent and proving to be the fastest-growing industry in 2015. Economic and population growth along the I-15 corridor in northern Utah County and southern Salt Lake County have resulted in increased construction activity in the area, with several residential developments, schools, office buildings, and two additional lanes to the freeway. The expansion of Salt Lake City's international airport also continued through 2015. All three subsectors of the Construction industry posted net gains, with Construction of Buildings growing 11.7 percent, Heavy and Civil Engineering growing 2.8 percent, and Specialty Trade Contractors growing 7.2 percent.

Manufacturing employment in Utah outpaced national growth of 1.1 percent, increasing employment in the industry by 2.5 percent. The 3,000 manufacturing jobs created in 2015 were primarily in Salt Lake, Weber, and Davis counties. Those three counties together hold roughly 64 percent of the manufacturing jobs in the state. Washington County experienced 11.4 percent growth in manufacturing employment with more than 300 jobs added to the industry in 2015.

Trade, Transportation, and Utilities — the state's largest employment sector — ended the year with average employment of 263,109, which constitutes an expansion of roughly 10,500 jobs more than 2014 levels. With 19 percent of the state's total nonfarm jobs, trends in this industry can have a large effect on the overall labor market performance in the state. A breakdown of the industry shows that jobs were created in all subsectors of the industry group: Wholesale Trade added 1,349 jobs, Retail Trade added 6,450 jobs, Transportation and Warehousing added 2,614 jobs, and Utilities added 25 jobs.

Information — one of the smaller sectors of Utah's labor market — grew by 3.2 percent in 2015, adding 1,082 jobs over the 2014 employment level. Primary drivers in the sector include Publishing, Telecommunications, and Data Processing. The sector was a hot performer in the early years of post-recession recovery, but has cooled somewhat since then.

Financial Activities ended 2015 with an annual average employment level of 74,965, which constitutes the second fastest industry growth in the state at a rate of 5.4 percent. A strong housing market, construction growth, and a healthy stock market were likely driving the increased hiring among the employers in this industry.

Professional and Business Services added the second most jobs in 2015 next to the Trade Transportation and Utilities industry, increasing payroll employment by more than 9,000 positions. This industry brings together a wide spectrum of jobs in terms of typical wage and skill levels, including Professional, Scientific and Technical Services, which expanded by 6.1 percent; Management of Companies, which grew by 1.0 percent; and Administration, Support and Waste Management Services, which grew by 4.7 percent.

Education and Health Services³ is an industry where demand for the services is driven by population growth. As such, employment tends to grow at a steady and moderate pace. This was indeed the case in 2015 as the industry added almost 8,000 jobs. In 2015 the industry's rate of expansion was 4.6 percent which is more than two percentage points faster than 2014. Of the jobs added over the year, 2,084 were in educational services and 5,895 were in health care and social assistance.

Leisure and Hospitality runs the gambit of businesses providing services in arts, entertainment, recreation, accommodation, and food services. In some Utah counties, especially those containing national parks and other tourist attractions, Leisure and Hospitality is one of the largest sources of employment. The year 2015 was a banner year for employment growth in this industry, driven by economic forces such as increases in consumer disposable income, park attendance, and tourism outreach at the national level from the state's Tourism Bureau. In 2015, the industry grew by 4.4 percent, meaning that statewide 5,583 jobs were added in the industry, which makes it one of the above-average growth rate sectors.

Other Services is an industry containing a wide range of establishments such as repair services, personal care, and membership organizations. In 2015, employment reached a level of 38,812, 1,200 more jobs than the 2014 level. Employment grew in the sector by an annual average growth rate of 3.2 percent.

³ Only private sector entities included. Education or health care entities run by federal, state, or local government are included in the government employment totals.

Government employment increased by 3,034 positions in 2015, which is notably slower than 2014 growth in this industry. There are actually three levels of government contained in the group: federal, state, and local. Federal government employment, which grew little during and after the recession, has since picked up speed to 2.1 percent growth in 2015. State government grew at a similar pace (2.2 percent) and was primarily driven by growth in state education. Local government grew only 0.6 percent in 2015 (695 jobs).